

**BEAVER FIRE DISTRICT #1**  
**FINANCIAL STATEMENTS**  
**with**  
**ACCOUNTANT'S REVIEW REPORT**  
**TWELVE MONTH PERIOD ENDING**  
**DECEMBER 31, 2005**

# BEAVER FIRE DISTRICT #1

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# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

Beaver Fire District #1  
Beaver, Utah 84713

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Beaver Fire District #1, a component unit of Beaver County, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Beaver Fire District #1.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
June 28, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion of Beaver Fire District #1's financial performance provides an overview of the District's financial activities for the year ending December 31, 2005. This report is in conjunction with the District's financial statements.

The purpose of the District is to provide ambulance and fire protection services to its residents. Additional services provided to residents of the District include fire prevention education.

### **Financial Highlights**

The assets of Beaver Fire District #1 exceeded its liabilities as of the close of the most recent year by \$999,890 (*net assets*). Of this amount, \$325,573 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$27,981. The expenditures exceeded revenues and the final adopted budget exceeded the actual expenditure amounts.

At the close of the current year, the Beaver Fire District #1 government funds reported combined ending fund balances of \$106,452, an increase of \$42,327 in comparison with the prior year. Of this total amount, \$106,452 is available for spending at the government's discretion (*unreserved fund balance*).

Beaver Fire District #1's total debt decreased by \$20,959 during the current year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Beaver Fire District #1's basic financial statements. Beaver Fire District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of Beaver Fire District #1 finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Beaver Fire District #1's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Beaver Fire District #1 is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Beaver Fire District #1 that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Beaver Fire District #1 include administrative support services, fire & rescue operations, fire prevention, fire fighters training and building & equipment maintenance. The business-type activity of Beaver Fire District #1 is ambulance services.

#### **Fund financial statements**

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Beaver Fire District #1, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Beaver Fire District #1 can be divided into two categories: governmental funds and enterprise funds.

#### **Governmental funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term

impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Beaver Fire District #1 maintains a governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Beaver Fire District #1 adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

#### **Proprietary funds**

Beaver Fire District #1 maintains a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Beaver Fire District #1 uses an enterprise fund to account for its ambulance service operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the ambulance service which is considered a major fund of the District.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

#### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Beaver Fire District #1.

The combining statements referred to earlier in connection with non-major governmental funds and the enterprise fund is presented immediately following the required supplementary information.

#### Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Beaver Fire District #1, assets exceeded liabilities by \$999,890 at the close of the most recent fiscal year.

By far the largest portion of Beaver Fire District #1's net assets (68 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. Beaver Fire District #1 uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Beaver Fire District #1's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the year, Beaver Fire District #1 is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

#### Beaver Fire District's Net Assets

	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
Current & other assets	64,125	108,935	203,231	221,464
Capital assets	492,169	477,823	234,135	196,494
Total assets	556,294	586,758	437,366	417,958
Long-term liabilities outstanding			20,959	
Other liabilities		2,483	3,964	2,343
Total liabilities	-	2,483	24,923	2,343
Net assets:				
Investment in capital assets, net of debt	492,169	477,823	213,176	196,494
Unrestricted	64,125	106,452	199,267	219,121
Total net assets	556,294	584,275	412,443	415,615

### Beaver Fire District's Changes in Net Assets

	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
<b>Revenues:</b>				
Program revenues				
Charges for services		6,490	118,832	140,177
Operating grants & contributions	5,020		15,632	10,060
Capital grants and contributions		27,230		
General revenues				
Taxes	70,247	73,240		
Interest earnings	488	1,340	2,051	3,051
Other revenues	878		5,206	5,425
<b>Total revenues</b>	<b>76,633</b>	<b>108,300</b>	<b>141,721</b>	<b>158,713</b>
<b>Expenses:</b>				
Administrative support services	16,608	19,050		
Fire operations	27,229	34,104		
Building & equipment maintenance	27,674	27,165		
Ambulance services			152,470	155,541
<b>Total expenses</b>	<b>71,511</b>	<b>80,319</b>	<b>152,470</b>	<b>155,541</b>
<b>Increase/decrease in net assets</b>	<b>5,122</b>	<b>27,981</b>	<b>(10,749)</b>	<b>3,172</b>

### Financial Analysis of the Government's Funds

As noted earlier, Beaver Fire District #1 uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

#### Governmental funds

The focus of Beaver Fire District #1's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Beaver Fire District #1's financing requirements. In particular *unreserved fund balance*, which is available for spending at the government's discretion.

The general fund is the chief operating fund of Beaver Fire District #1. At the end of the current year, unreserved fund balance of the general fund was \$73,605, which is the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.



**Proprietary funds**

Beaver Fire District #1's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the ambulance service fund at the end of the year amounted to \$219,121.

**General Fund Budgetary Highlights**

Actual expenditures were \$16,327 less than final budgeted expenditures. Actual revenues were \$19,973 more than budgeted revenues.

**Capital Asset and Debt Administration****Capital assets**

Beaver Fire District #1's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$477,823 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and equipment.

	Beaver Fire District's Capital Assets (Net of Accumulated Depreciation)			
	Governmental Activities		Business-type Activities	
	2004	2005	2004	2005
Land		-	5,000	5,000
Buildings	388,784	375,861	35,242	32,248
Machinery, equipment & automobiles	103,385	101,962	193,893	159,246
Total net assets	<u>492,169</u>	<u>477,823</u>	<u>234,135</u>	<u>196,494</u>

Additional information on Beaver Fire District #1's capital assets can be found in the notes to the financial statements.

**Long-term debt**

During the current year, Beaver Fire District #1 retired all of its outstanding long-term debt.

### **Requests for Information**

This financial report is designed to provide a general overview of Beaver Fire District #1 finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Beaver Fire District #1, P. O. Box 566, Beaver, Utah, 84713.

**BEAVER FIRE DISTRICT #1**

## Statement of Net Assets

December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and Cash Equivalents	108,935	163,089	272,024
Accounts Receivable	-	53,903	53,903
Prepaid Insurance	-	4,472	4,472
Capital Assets, net of Accumulated Depreciation	477,823	196,494	674,317
Total Assets	<u>586,758</u>	<u>417,958</u>	<u>1,004,716</u>
<b>Liabilities</b>			
Accounts Payable	2,483	2,343	4,826
Total Liabilities	<u>2,483</u>	<u>2,343</u>	<u>4,826</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	477,823	196,494	674,317
Unrestricted	106,452	219,121	325,573
Total net assets	<u>584,275</u>	<u>415,615</u>	<u>999,890</u>

**BEAVER FIRE DISTRICT #1**

Statement of Activities  
Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Administrative Support Services	19,050			
Fire Operations	34,104	6,490		27,230
Building & Equipment Maintenance	27,165			
Total governmental Activities	80,319	6,490		27,230
Business-type activities:				
Ambulance Service Fund	155,541	140,177	10,060	
Total business-type activities	155,541	140,177	10,060	
Total primary government	235,860	146,667	10,060	27,230

**General revenues:**

Taxes:

Property taxes

Investment earnings - unrestricted

Other general revenues

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
(19,050)		(19,050)
(384)		(384)
(27,165)		(27,165)
<u>(46,599)</u>		<u>(46,599)</u>
	(5,304)	(5,304)
	<u>(5,304)</u>	<u>(5,304)</u>
<u>(46,599)</u>	<u>(5,304)</u>	<u>(51,903)</u>
73,240		73,240
1,340	3,051	4,391
	<u>5,425</u>	<u>5,425</u>
<u>74,580</u>	<u>8,476</u>	<u>77,631</u>
27,981	3,172	31,153
<u>556,294</u>	<u>412,443</u>	<u>968,737</u>
<u>584,275</u>	<u>415,615</u>	<u>999,890</u>

**BEAVER FIRE DISTRICT #1**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2005

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	76,088	32,847	108,935
Total Assets	<u>76,088</u>	<u>32,847</u>	<u>108,935</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	2,483		2,483
Total Liabilities	<u>2,483</u>		<u>2,483</u>
<b>Fund Balance:</b>			
Fund Balance:			
Unreserved	73,605	32,847	106,452
Total Fund Balance	<u>73,605</u>	<u>32,847</u>	<u>106,452</u>
Total Liabilities and Fund Balance	<u>76,088</u>	<u>32,847</u>	<u>108,935</u>

**BEAVER FIRE DISTRICT #1**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**December 31, 2005**

Amounts reported for governmental activities in the statement of net assets are different because:

<b>Total fund balance - governmental funds</b>	106,452
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$731,378 and the accumulated depreciation is \$253,555.

477,823

**Total net assets - governmental activities**

584,275

**BEAVER FIRE DISTRICT #1**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**For The Year Ended December 31, 2005**

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	73,240		73,240
Interest Earned	313	1,027	1,340
Other Income	6,490		6,490
Grant Revenue	27,230		27,230
<b>TOTAL REVENUES</b>	<u>107,273</u>	<u>1,027</u>	<u>108,300</u>
<b>EXPENDITURES</b>			
Contracted Service	14,997		14,997
Maintenance, Training and Supplies	17,201		17,201
Utilities	5,622		5,622
Insurance	11,011		11,011
Capital Outlay	17,142		17,142
<b>TOTAL EXPENDITURES</b>	<u>65,973</u>		<u>65,973</u>
Excess of revenues over (under) expenditures	41,300	1,027	42,327
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in		5,000	5,000
Operating transfers out	(5,000)		(5,000)
<b>Total other financing sources (uses)</b>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
Excess (Deficiency) of Revenue & Other Financing Sources (Uses) over Expenditures	36,300	6,027	42,327
<b>FUND BALANCE - BEGINNING OF YEAR</b>	37,305	26,820	64,125
<b>FUND BALANCE - END OF YEAR</b>	<u><u>73,605</u></u>	<u><u>32,847</u></u>	<u><u>106,452</u></u>



**BEAVER FIRE DISTRICT #1**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
December 31, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balance - total governmental funds	42,327
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.	(14,346)
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Changes in net assets of governmental activities	<u>27,981</u>
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**BEAVER FIRE DISTRICT #1**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended December 31, 2005**

	Budget Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary fund balance, January 1	37,305	37,305	37,305	
Resources (inflows):				
Property Taxes	70,000	70,000	73,240	3,240
Interest Earned	300	300	313	13
Other Income			6,490	6,490
Grant Revenue	17,000	17,000	27,230	10,230
Amounts available for appropriation	124,605	124,605	144,578	19,973
Charges to appropriations (outflows)				
Contracted Service	21,000	21,000	14,997	6,003
Maintenance, Training and Supplies	21,600	21,600	17,201	4,399
Utilities	7,500	7,500	5,622	1,878
Insurance	12,200	12,200	11,011	1,189
Capital Outlay	20,000	20,000	17,142	2,858
Transfers to Other Funds	5,000	5,000	5,000	
Total charges to appropriations	87,300	87,300	70,973	16,327
Budgetary fund balance, December 31	37,305	37,305	73,605	3,646

**BEAVER FIRE DISTRICT #1**  
**Budgetary Comparison Schedule**  
**Budget-to-GAAP Reconciliation**  
**December 31, 2005**

**Sources/Inflows and Resources:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	144,578
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**Differences - Budget to GAAP:**

The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(37,305)
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Total revenues as reported on the statement of revenues expenditures, and changes in fund balance - governmental funds.	<u>107,273</u>
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**BEAVER FIRE DISTRICT #1**  
**BALANCE SHEET**  
**ALL PROPRIETARY FUND TYPES**  
**December 31, 2005**

	Ambulance Service Fund	Totals (Memorandum Only) December 31, 2004
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	163,089	146,925
Accounts Receivable	53,903	56,306
Prepaid Insurance	4,472	-
Total Current Assets	<u>221,464</u>	<u>203,231</u>
Long-term Assets:		
Land & Buildings	79,850	79,850
Equipment	120,323	120,323
Vehicles	393,106	393,106
Accumulated Depreciation	(396,785)	(359,144)
Total Long-term Assets	<u>196,494</u>	<u>234,135</u>
<b>TOTAL ASSETS</b>	<u><u>417,958</u></u>	<u><u>437,366</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Current Liabilities:		
Accounts Payable	2,343	3,224
Accrued Interest Payable	-	740
Current Portion of Capital Lease Obligations	-	20,959
Total Current Liabilities	<u>2,343</u>	<u>24,923</u>
<b>Total Liabilities</b>	<u><u>2,343</u></u>	<u><u>24,923</u></u>
Fund Equity:		
Retained Earnings:		
Unreserved	415,615	412,443
Total Fund Equity	<u>415,615</u>	<u>412,443</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>417,958</u></u>	<u><u>437,366</u></u>

**BEAVER FIRE DISTRICT #1**  
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES**  
**For The Year Ended December 31, 2005**

	Ambulance Service Fund	Totals (Memorandum Only) December 31, 2004
<b>OPERATING REVENUE:</b>		
Charges for Services	140,177	118,832
<b>TOTAL OPERATING REVENUE</b>	<u>140,177</u>	<u>118,832</u>
<b>OPERATING EXPENSES:</b>		
Accounting Services	22,430	21,322
Education and Training	4,572	4,949
Conferences and Workshops	9,513	9,457
Liability Insurance	3,645	8,638
Contracted Services	25,470	29,312
Equipment Repairs and Maintenance	9,054	4,581
Supplies	13,867	9,550
Utilities	8,749	7,442
Travel	6,414	4,417
Other Expenses	14,186	11,004
Depreciation	37,641	41,798
<b>TOTAL OPERATING EXPENSES</b>	<u>155,541</u>	<u>152,470</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(15,364)</u>	<u>(33,638)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest Income	3,051	2,051
Grant Proceeds	10,060	15,632
Other Income (Expense)	5,425	5,206
<b>TOTAL NONOPERATING REVENUES (EXPENSES):</b>	<u>18,536</u>	<u>22,889</u>
<b>NET INCOME (LOSS)</b>	3,172	(10,749)
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	412,443	423,192
<b>RETAINED EARNINGS - END OF YEAR</b>	<u><u>415,615</u></u>	<u><u>412,443</u></u>

**BEAVER FIRE DISTRICT #1**  
**STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
For The Year Ended December 31, 2005

	Ambulance Service Fund	Totals (Memorandum Only) December 31, 2004
<b>Cash Flows From Operating Activities</b>		
Payments from service users	142,580	135,057
Payments to suppliers	(76,093)	(66,335)
Other payments	(47,900)	(43,907)
Net cash provided by operating activities	<u>18,587</u>	<u>24,815</u>
<b>Cash Flows From Investing Activities</b>		
Interest Earned	<u>3,051</u>	<u>2,051</u>
Net cash flows from investing activities	<u>3,051</u>	<u>2,051</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Other receipts	15,485	20,838
Capital Lease Obligations	(20,959)	(20,179)
Purchases of capital assets	-	(24,390)
Net cash flows from Capital and Related Financing activities	<u>(5,474)</u>	<u>(23,731)</u>
<b>Increase (Decrease) in Cash</b>	16,164	3,135
Cash - January 1	146,925	143,790
Cash - December 31	<u><u>163,089</u></u>	<u><u>146,925</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>(15,364)</u>	<u>(33,638)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation	37,641	41,798
<b>Changes in Operating Assets and Liabilities:</b>		
(Increase) Decrease in Receivables	2,403	16,225
(Increase) Decrease in Prepaid Insurance	(4,472)	-
(Increase) Decrease in Accrued Interest	(740)	(861)
Increase (Decrease) in Payables	(881)	1,291
Net cash provided by operating activities	<u><u>18,587</u></u>	<u><u>24,815</u></u>

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Beaver Fire District #1 was created by the Beaver County Commissioners and operates under a board of directors to provide fire protection and ambulance services to the residence of Beaver County.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements. The more significant of Beaver Fire Districts's accounting policies are described below.

**Reporting Entity** - For financial reporting purposes, the District has included all funds and account groups. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause financial statements of the District to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria are included in Governmental Accounting Standards Board Statement No. 14 and include appointing a voting majority of an organization's governing body and the ability of the District to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District.

No component units exist as of December 31, 2005. However, the District is included for reporting purposes as a component unit of Beaver County, Utah.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the District are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.



**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

**General Fund**

The General Fund is the government's primary operating fund. It accounts for all financial resources for the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary fund:

**Ambulance Services**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Capital Assets**

Capital assets include property, and plant equipment. Capital assets are defined by the Beaver Fire District #1 as assets with an initial unit cost of \$2,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the Beaver Fire District #1 are depreciated using the straight-line method over the following useful lives (see note 5 for further detail).

Assets	Years
Buildings	40
Furniture	10
Office Equipment	10
Rescue Equipment	5-10
Rescue Vehicles	10-15

**Federal Financial Assistance Programs**

No Federal monies were received by the District during the year. Consequently, the Single Audit Act of 1984 as amended in 1996 does not apply.

**Operating Revenues and Expenses**

The statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenues. For this purpose, operating revenues, such as service revenue, result from exchange transactions associated with the principal activities of the Beaver Fire District #1. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Nonoperating revenues arise from exchange transactions not associated with the Beaver Fire District's principal activities (such as investment income) and from all nonexchange transactions (such as grants).

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Assets

The Beaver Fire District #1 reports its net assets in three components. Net assets invested in capital assets are equal to amounts reported for capital assets net of accumulated depreciation and net of related debt. Restricted net assets are reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors, or laws or regulations governing the Beaver Fire District #1. None of the Beaver Fire District #1's restricted net assets arise from endowments. For this reason, all restricted net assets are considered expendable. Unrestricted net assets are all other Beaver Fire District net assets that do not meet the definitions of invested in capital assets or restricted.

**NOTE 2. RISK MANAGEMENT:**

The Beaver Fire District #1 is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illness or injury. The Beaver Fire District #1 has procured insurance which, in Beaver Fire District #1's estimation, is adequate to reduce the risk of loss to a manageable level.

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005

**NOTE 3. CAPITAL ASSETS**

	CAPITAL ASSETS NOT DEPRECIATED	CAPITAL ASSETS		
	<u>Land</u>	<u>Buildings</u>	<u>Furniture, Machinery, and Equipment</u>	<u>Totals</u>
<b>Primary Government</b>				
<i>Governmental Activities</i>				
Balance, January 1,		\$490,220	\$224,016	\$714,236
Increases			17,142	17,142
Decreases				
Balance, December 31,		490,220	241,158	731,378
Accumulated Depreciation				
Balance, January 1,		101,436	120,631	222,067
Increases		12,923	18,565	31,488
Decreases				
Balance, December 31,		114,359	139,196	253,555
Capital Assets, Net		<u>\$375,861</u>	<u>\$101,962</u>	<u>\$477,823</u>
<i>Business-type Activities</i>				
Balance, January 1,	\$5,000	\$74,850	\$513,429	\$593,279
Increases				
Decreases				
Balance December 31,	5,000	74,850	513,429	593,279
Accumulated Depreciation				
Balance January 1,		39,608	319,536	359,144
Increased		2,994	34,647	37,641
Decreased				
Balance December 31,		42,602	354,183	396,785
Capital Assets, Net	<u>\$5,000</u>	<u>\$32,248</u>	<u>\$159,246</u>	<u>\$196,494</u>
<b>Primary Government</b>				
Capital Assets, Net	<u>\$5,000</u>	<u>\$408,109</u>	<u>\$261,208</u>	<u>\$674,317</u>

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005

**NOTE 3. CAPITAL ASSETS - CONTINUED**

**Depreciation Expense**

Depreciation expense was charged to functions for the primary government as follows:

Governmental Activities		Business-type Activities	
Fire & Rescue Operations	\$18,566	Ambulance Service	\$37,641
Building & Equipment Maintenance	12,922		

**NOTE 4. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The District maintains a cash and investment pool, which includes the cash account and several investments.

Deposits and investments for local governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council").

The District's deposit and investment policy is to follow the Utah Money Management Act and rules of the Utah Management Council. However, the District does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the District is exposed.

Utah State law requires that District funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of December 31, 2005, the District had the following deposits and investments:

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005

NOTE 6. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 239,227
State Treasurer's investment pool	<u>32,847</u>
	<u>\$ 272,024</u>

The following paragraphs discuss the District's exposure to various risks related to its cash management activities.

**Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2005, \$139,227 of the District's bank balances of \$239,227 were uninsured and uncollateralized.

*Investments.* Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk of investments. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial risk.

**Credit Risk**

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating

**BEAVER FIRE DISTRICT #1**  
**(a Component Unit of Beaver County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2005

NOTE 6. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Following are the District's investments at December 31, 2005.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF	\$32,847	less than 1 year	not rated

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by solely investing in the PTIF and by adhering to the Money Management Act. The Act requires that the investing remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the District's investments are noted above.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the District's portfolio at the time of purchase.

As of year end, the District had no investments other than an investment in the Utah Public Treasurer's Investment Fund.

**BEAVER FIRE DISTRICT #1**  
**Combining Statement of Net Assets**  
**Nonmajor Governmental Funds**  
December 31, 2005

	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Assets</b>		
Cash and Cash Equivalents	32,847	32,847
Total Assets	32,847	32,847
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Total Liabilities		
<b>Fund Equity:</b>		
Fund Balance:		
Unreserved	32,847	32,847
Total Liabilities and Fund Equity	32,847	32,847



**BEAVER FIRE DISTRICT #1**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
December 31, 2005

	<b>Capital Projects Fund</b>	<b>Total</b>
REVENUES		
Interest Earned	1,027	1,027
TOTAL REVENUES	<u>1,027</u>	<u>1,027</u>
EXPENDITURES		
TOTAL EXPENDITURES		
Excess of revenues over (under) expenditures	1,027	1,027
OTHER FINANCING SOURCES (USES):		
Operating transfers in	5,000	5,000
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>
Excess (Deficiency) of Revenue & Other Financing Sources (Uses) over Expenditures	6,027	6,027
FUND BALANCE - BEGINNING OF YEAR	26,820	26,820
FUND BALANCE - END OF YEAR	<u><u>32,847</u></u>	<u><u>32,847</u></u>